



THE WEALTHY, EXPERTS AND OTHERS REFUTE REPUBLICAN ESTATE TAX RHETORIC

Tomorrow, the House is expected to consider a Republican bill (H.R. 8) that would permanently repeal the estate tax. Similar legislation passed last year. Democrats intend to make two principal arguments against this bill: 1) At a cost of \$160 billion, it is completely fiscally irresponsible in light of a projected budget deficit of more than \$400 billion this year and the \$425 billion in new tax cuts already passed by the House this year, and 2) the blatant unfairness of permanent repeal because it benefits only the wealthiest 2 percent of families while undercutting the government services and investments in schools, roads, Social Security and Medicare on which American families depend.

In 2001, only about 2 percent of the 2.3 million deaths involved any estate or gift tax liability. Republicans will argue that H.R. 8 protects family farms and small businesses. But the facts show that few farms or small businesses are ever affected by the estate tax: about 1/10th of 1 percent of the deaths that incurred a liability involved family farm assets, and ½ of 1 percent of those deaths involved family business assets.

Democrats will ask for a more fiscally responsible alternative – similar to one offered by Rep. Pomeroy last year that provides for a fully paid for, permanent, \$3 million (\$6 million per couple) exclusion available in 2003. The Pomeroy substitute will exempt 99.6 percent of the estates from estate tax liability.

The quotes compiled below, which encapsulate the Democratic arguments on H.R. 8, may help you in crafting Floor and press statements:

“There is something unseemly about Congress’s obsession with repealing the estate tax, the nation’s most equitable tax on accumulated wealth, at a time when life and death are at stake. The American history of estate and inheritance taxes is wound together with mobilizations for war.” – Bill Gates, Sr. [Washington Post, 3/25/03]

“By pushing to repeal both the estate tax and the dividends tax, the Bush Administration is doing all it can to shift the total tax burden away from the very wealthy and toward the middle- and lower-income taxpayers.” E.J. Dionne [Washington Post, 01/17/03]

“There are some things that are right, and some things that are wrong. And it’s more right to have an estate tax. Really, it’s a valuable tool of democracy. Its repeal would be a disaster.”- Bill Gates, Sr. [National Review, 5/23/03]

“I don’t want to be the skunk at the picnic. But no, I don’t think the estate tax should be eliminated — modified, maybe, but not eliminated.”- John Dilulio, former Director, White House Office of Faith-Based and Community Initiatives [NY Times, 2/10/03]

"Repealing the estate tax would be a terrible mistake, the equivalent of choosing the 2020 Olympic team by picking the eldest sons of the gold-medal winners in the 2000 Olympics... Without the estate tax, you in effect will have an aristocracy of wealth, which means you pass down the ability to command the resources of the nation based on heredity rather than merit."- Warren Buffett [NY Times, 2/14/01]

"It is not punishment to repay your government for having had the benefit of living in this country. We need to reform the federal estate tax; we cannot afford to repeal it permanently." – Responsible Wealth Project, headed by George Soros and Bill Gates, Sr. [Statement, 6/12/02]

"I still don't get it. Why, right now, in the aftermath of the greatest burst of paper wealth creation in all of American history (in all of history for all I know), in the midst of growing concern (even alarm) about the growing disparity of wealth and income in the United States, right in the face of increasing pressures on the federal budget, has there been so much effort to abolish the estate tax?"- Paul Volcker, Former Chairman of the Federal Reserve [WSJ, 1/2/03]

"With government at all levels retreating from the commitment to provide vital social services such as health care and education, it is important to protect and enhance the financial base of America's charities. Permanent repeal of the estate tax would remove one of the most powerful philanthropic stimulants and undermine the long-term viability of the non-profit sector... In this time of national sacrifice and growing federal deficits, I regard permanent tax relief aimed only at the nation's wealthiest citizens as fiscally and morally irresponsible." – George Soros [Statement, 6/5/02]

"We believe that permanent repeal of the estate tax would be bad for our democracy, our economy, and our society. Repealing the estate tax, a constructive part of our tax structure for 85 years, would leave an unfortunate legacy for America's future generations." – Open Petition signed by more than 1,000 individual multimillionaires and billionaires, including Ted Turner, David Rockefeller, Norman Lear, and Paul Newman [BusinessWeek, 5/22/02]

"Those pushing to make repeal more palatable (principally a small cluster of very wealthy families) have claimed that the federal estate tax endangers farms and small businesses. That is a myth. In nearly 40 years of writing, researching and conducting seminars for attorneys, CPAs, bankers and farmers, I have never seen a farm business sold to pay federal estate tax."- Neil Harl, Distinguished Professor in Agriculture and Economics, Iowa State University [Des Moines Register, 9/4/02]

"Any way you look at it, repealing the estate tax cannot be justified by economic conditions, social benefits or the need for basic fairness in the tax code." - [NY Times Editorial, 2/16/01]

"The man of great wealth owes a peculiar obligation to the State, because he derives special advantages from the mere existence of government. It is only under the shelter of the civil magistrate that the owner of valuable property can sleep a single night in security."- President Theodore Roosevelt [Address to Congress, 12/4/1906]